GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1887
ANSWERED ON:31.07.2015
Transfer Pricing Cases
Birla Shri Om

Will the Minister of FINANCE be pleased to state:

1887. SHRI OM BIRLA
Will the Minister of FINANCE be pleased to state:

(a) the number and value of transfer pricing cases decided by the Income Tax Tribunal as on date along with the cases decided in favour/against the taxpayer in this regard;

(b) whether a number of such cases have been reverted to lower level officers for reassessment, if so, the details thereof and the reasons therefor;

(c) whether the Government proposes to appointed experienced persons from the professional and industrial sectors to minimise the number of transfer pricing disputes in tune with the pattern followed in developed countries;

(d) if so, the details thereof and if not, the reasons therefor; and

(e) the other steps taken by the Government in this regard?

Answer

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)
(a) Data regarding the number and value of transfer pricing cases decided by the Income Tax Tribunal along with the cases decided in favour/against the taxpayer is not maintained centrally.

(b) In accordance with Section 254 of the Income-tax Act, 1961, the Income Tax Appellate Tribunal (ITAT), upon hearing an appeal, may pass such orders thereon as it thinks fit. In some cases the ITAT does set aside the assessment with specific directions to the Assessing Officers to make a reassessment in such manner and after making such further enquiry as it deems appropriate. Data regarding the number of transfer pricing cases that have been reverted to lower authorities for reassessment is not maintained centrally.

(c) & (d) There is no proposal currently under consideration of the Government to appoint people from the professional and industrial sectors to minimise transfer pricing disputes. There is no consistent pattern followed in this regard in developed countries. Transfer pricing matters are handled in India by officers of the Income Tax Department and adequate training is provided to them, including with the assistance of experts from outside the Department.
(e) Government has taken a number of steps to minimise transfer pricing disputes, such as:

(i) Introduction of the Advance Pricing Agreement (APA) Scheme along with a provision for roll back of such agreement to past 4 years;

(ii) Introduction of Safe Harbour Rules for certain sectors of the economy;

(iii) Strengthening of the Dispute Resolution Panels (DRPs) by providing for dedicated panels of officers; and

(iv) Streamlining the Mutual Agreement Procedure (MAP) under the Double Taxation Avoidance Agreements (DTAAs) with various countries.